GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:2193
ANSWERED ON:29.08.2007
ASSESSMENT OF LOW GROWTH RATE
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Will the Minister of PLANNING be pleased to state:

(a) whether the Government has made any assessment of lower growth rate in view of increasing interest rate despite a projection of growth rate of ten percent given in the Union Budget 2007-2008;

(b) if so, the assessment made till July, 2007; and

(c) the actual assessment made by the Government and the financial experts?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) & (b): The Planning Commission does not project annual growth rate. The Approach Paper to the Eleventh Five Year Plan, as approved by the National Development Council, has set the growth target for the Eleventh Five Year Plan period at 9% per year and aims at putting the economy on a sustainable growth trajectory with a growth rate of approximately 10% by the end of its period. As per the latest estimates of the Central Statistical Organisation, the Gross Domestic Product at factor cost at constant (1999-2000) prices in the year 2006-07 which is the terminal year of the Tenth plan has registered a growth rate of 9.4 per cent.

(c): The Reserve Bank of India while assessing the prospects of economic activity in 2007-08 states that the downside risks which arise from rising interest rates would remain limited and would be offset by sustained pace of high growth and prospects of continued large capital inflows amidst easy global liquidity.